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INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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Enclosure A

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5 October 1956

COUNTRY: Poland

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SUBJECT:

I. Military

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7. In the summer of 1956, there were many more than the usual number of night flights over Warsaw.

II. Civilian

- 1.
- 2.
3. a. no special changes in the availability of goods in Poland except for a recent increase in the supply of meat and butter in the Warsaw area.

- * after the Poznan "bread and freedom riots", the Presidium of the Council of Ministers decreed that the meat and butter supply in Poland would be improved even at the cost of using precious foreign currency reserves to import these items.

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- b. There were no recent changes in prices in Poland except in the case of a few products, e.g., shoes and aluminum goods, prices of which were decreased. These decreases were effected quietly and without the usual propaganda fanfare that had accompanied decreases in the past. The people had learned from past experience with false decreases not to trust them. [redacted]

[redacted] instituting decreases in commodity prices quietly was a new tactic probably utilized in order not to further aggravate the people after the Poznan riots.

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- * c. [redacted] "serious changes" in wages had been effected recently. Wage increases had been generally distributed in order to "equalize" the wage scale. However, the six billion zlotys allotted for this purpose had been used up in a panic by the post-Poznan created Commission for Employment and Wages headed by Minister of Light Industry Stawinski. Some groups, like chauffeurs and certain highly skilled mechanics and technicians, had not yet benefited by any increases at all. [redacted] these neglected groups constitute a serious problem and [redacted] they too will probably soon be taken care of by wage increases. [redacted] the regime may attempt to cover additional wage increases by using "printed money" or by negotiating foreign loans. [redacted] Minister Stawinski [redacted] certain ministries were still calling Stawinski (as head of the Commission for Employment and Wages) and requesting additional funds needed, they said, to appease demands for wage increases in their ministries. Stawinski was beside himself and quite helpless in the situation.

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d. [redacted]

4. a. In mid-1956 construction was halted on the building of a large leather production combine (kombinat skorzany) in Nowy Targ. It was to have been an installation of about 12 large buildings capable of producing 15 million pairs of shoes annually and was to have included a tannery, leather and rubber production departments, a shoe production department and a large machine repair shop. After preparing a large area of land for the installation, only two of the large buildings were completed up to the middle of 1956.
- b. In late 1955, construction was held up on the building of a large tannery at Nowe Dwory near Warsaw. As planned and approved, the tannery was to have been capable of "wet" (moczyc) processing 4,000 skins daily.
- * c. Generally speaking, investment plans and actual construction projects were being seriously changed and curtailed. This was especially true in the machine industries. In some instances, even though the machines were on hand, there were no buildings to house them. At [redacted] the Ministry of Light Industry, the first version of the 1957 portion of the

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new Five-Year-Plan foresaw an investment budget of 48 million rubles; the second version in May 1956 saw this estimate cut to 41 million rubles; [redacted] in September 1956, 31 million rubles was the planned investment 50X1-HUM figure and a reservation was included anticipating a possible additional 10% cut. [redacted] the cutback in investment plans was a direct result of the generally bad state of economic affairs in Poland which was further seriously aggravated by the Poznan "bread and freedom riots". [redacted] a considerable 50X1-HUM portion of the national income will have to be spent on wage increases at the expense of cutting down on investments and [redacted] to make matters worse Poland's balance of trade was seriously unfavorable and her foreign currency holdings meagre. 50X1-HUM

5. [redacted] 50X1-HUM

6. a. Since about 1952, all new factories of any size had air raid shelters included in their construction. The Field Air Raid Defense organization (Terenowa Ochrona Przeciw Lotnicza-TOPL) was the organization that checked on the building of shelters, etc. TOPL also planned and conducted courses and organized teams for air raid defense. In [redacted] the 50X1-HUM Ministry of Light Industry in Warsaw, there was a four or five-man office which occupied itself exclusively with TOPL matters. [redacted] this office 50X1-HUM had several sealed boxes of instructions which were kept locked up behind iron cages and were to be opened in case of "certain" eventualities. [redacted] the 50X1-HUM boxes had been changed at least twice.

7-9.

[redacted]

10. [redacted] policy changes and high 50X1-HUM level personalities in Poland.

- * a. The regime recognized the sad state of economic affairs in Poland even before the Poznan demonstrations and was discussing and contemplating many changes in the economic structure of the country. A great reduction in bureaucratic personnel was to take place, from the highest to the lowest level. A glaring example of the extent to which bureaucracy had grown in Poland and one which will be first on the agenda of correction was the industrial planning and controlling function which was being repeated on practically every level of the Party and the government from the Council of State and Central Committee of the PZPR through county administrative and Party organs down to the factory level. The PZPR Central Committee was and is to combine all of its

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~~industrial departments into one department; all the remaining subordinate planning organs are either to be liquidated or considerably reduce their staffs.~~

- * b. A conversion of certain factories to producing better and/or more saleable products was also being contemplated.
- * c. The need for a wiser use of foreign currencies and a better balance of trade was being impressed on all enterprises and ministries by the Party.
- d. Important changes were to be made in all ministries in order to attempt an alleviation of the economic ills which beset them all.
- * e. The Poznan demonstrations stopped much of the effort being expended on realizing the above plans. After the riots, most assets and efforts were being used to pacify a demoralized population and alleviate their immediate needs.
- * f. An already "large" number of unemployed prevented or curtailed the above-mentioned reductions in bureaucratic personnel. 50X1-HUM
 [redacted] finding the proper employment for the increasing number of graduates from higher schools, technical schools, and universities had become a serious problem. The amnesty law had liberated large numbers of prisoners; it added to the unemployment problem and took away the much needed workers from the mines, stone-quarries, etc., for which enterprises the regime finds it difficult to recruit workers. (Coal production was currently running about 85% of plans and the lack of building materials like crushed stone was seriously affecting construction plans.) [redacted] reductions 50X1-HUM the armed forces were being held up for fear of increasing the number of unemployed. [redacted] the 50X1-HUM Ministry of Light Industry, where five departments were being liquidated or reduced in staff, release notices were being recalled. Many employees were being paid who had no real function to perform. A similar situation existed in the State Economic Planning Commission (PKPG). 50X1-HUM
- * g. [redacted] great efforts were being made to promote two possible economic expedients: 1) foreign loans, and 2) selling more coal to the West (if the USSR could be made to take less Polish coal). [redacted] 50X1-HUM

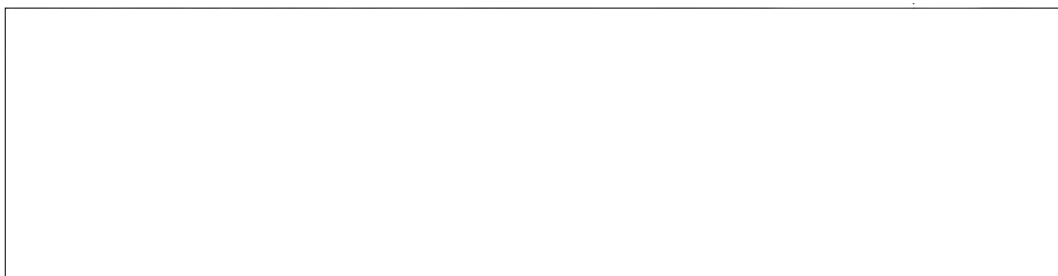
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* i. [redacted] Oskar Lange had been offered Szyr's position as head of the State Economic Planning Commission (PKPG). Lange refused claiming poor health; [redacted] this excuse was possibly not true. [redacted] the situation in the PKPG was too hopelessly confused and complex for Lange's taste.

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* j. There was still much talk in Poland of Gomulka's return to a high position in the government. [redacted] it might occur.

* k. [redacted] "many in the know" in Poland believed that Berman's removal from high office was only a token sacrifice that had to be made. [redacted] Berman still stands well with the Kremlin, to which he is fully devoted. Although Berman may soon take a position as a professor in some institution, [redacted] this did not preclude the possibility of his returning to an important post at some future date.

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* l. [redacted] the alleged opposition group led by Cyrankiewicz; [redacted] fiction and nonsense". [redacted] Cyrankiewicz never was of serious consequence in the government and [redacted] only current tactics (i.e., using Cyrankiewicz, a former Socialist Party (PFS) member, to appeal to Socialists internally and externally) permitted him to appear as though he were. [redacted] practically everyone in Poland was having his fling at crying for corrections and reforms. Even the allegedly non-liberal Ochab group was willing to grant some liberalization but was afraid that it would not be able to restrain the population once the trend had gained momentum. Actually, [redacted] only Moscow dictated the degree of liberalization to be allowed.

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m. [redacted] the Institute of Social Sciences (Instytut Nauk Społecznych - INS), the Party's highest ideological school, is to be liquidated in 1956 or shortly thereafter. No new students were being accepted. [redacted] the institute was being liquidated probably because the Party hierarchy did not feel that it was doing an adequate job of inculcating its students with the Party's ideology.

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11. [redacted] many Soviets (number unknown) were leaving (separately, not en masse) the new apartment houses on Aleja Niepodległości in Warsaw. The presumption was that they were returning to the USSR. [redacted] these were probably some of the Soviet advisors (radcy), and that it might indicate a reduction in their number in Poland.

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15. [redacted] there had been no increase in propaganda to strengthening nationalistic feelings or arousing hatred of foreigners. [redacted] quite the opposite was true in that the regime was permitting the press to print news of the United States which revealed America's technical advances and its standard of living.

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